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Taiwan

Grain and Feed

Containerized Grain Shipment Opportunity

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Report Highlights:

The rapid increase in containerized grain shipments to Taiwan presents an opportunity for U.S. producer groups, especially those with a differentiated product. About 1.5 million metric tons of corn and soybeans are likely to be shipped to Taiwan by back-haul containers in 2006, a 50% increase on 2005. With the rapid increase in this trade, documentation and logistics issues have arisen and businesses are advised to pay additional attention to document and logistical details when exporting to Taiwan.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Taipei [TW1]
[TW]

Rapidly Increasing Containerized Grain Shipments to Taiwan are an Opportunity

The mountains of empty shipping containers that build up in the U.S. and are shipped back to Asia empty are an opportunity for U.S. grain producers and groups to bypass the traditional grain merchandizing system. According to traders, Taiwan is likely to import a combined 1.5 million metric tons of corn and soybeans thru containers in 2006, a 50% increase compared to 2005. Traders also report that Taiwan accounts for over half of the containerized grain shipment trade. Two principle factors are driving the increase: a basis that has been \$10 to \$20 per metric ton cheaper for containers than for traditional deliveries, and better quality corn and soybeans shipped via containers. In addition, container trade requires less capital investment, allowing many small feed millers who used to purchase corn and soybeans from the domestic market to import corn and soybeans directly. Taiwan importers are enthusiastic about containerized shipments and feel the container trade will continue as long as the container basis remains attractive: at least \$10/mt cheaper than traditional ocean transport.

In addition to competing on price and the quality of commodity corn and soybeans, it is likely that other opportunities for specialized products exist. Enterprising producer groups may be able to gain a long-term advantage by marketing grains with specific attributes directly to feed millers, food processors, and other markets in Taiwan and the rest of Asia.

The rapid growth of the containerized grain shipping system has not been without problems. Of particular importance is that the phytosanitary certificates and other documents arrive with or ahead of the shipment and are correct in every detail. Missing, late, incorrect, or questionable documentation caused several hundred containers to accumulate at Taiwan's ports recently and led to an increase in the local price of corn. There are two parts to this problem. The first is that the shipment time for containers is less than that for Panamax shipments, and phytosanitary certificates have been late in arriving from some origins. The second is that Taiwan's import inspection process is very detail oriented. The various documents will be compared to each other and inconsistencies will require explanation or reissued/modified documents. While we are generally able to work with importers to certify reissued phytosanitary certificates, these issues delay customs clearance. Shipments have also been delayed by logistical problems in the U.S.

Firms are advised to pay additional attention to document and logistical details when exporting to Taiwan.